

Message Text

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PAGE 01 OTTAWA 03949 301728Z

44

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

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SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /101 W

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 1234

INFO ALL AMCONSUL CANADA

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E.O. 11652: N/A

TAGS: ENRG ETRD CA

SUBJECT: MEETING WITH COLUMBIA GAS SYSTEM OFFICIALS

1. MR. B. J. CLARKE, SENIOR VICE PRESIDENT, AND MR. CY ORLOFSKY OF COLUMBIA GAS SYSTEM CALLED ON AMBASSADOR SEPTEMBER 29 TO DISCUSS STATUS OF PROPOSED PROJECTS FOR TRANSMISSION OF NORTHERN GAS TO THE UNITED STATES. DURNG 40-MINUTE MEETING CLARKE AND ORLOFSKY REVIEWED POSITION OF THEIR FIRM, A MEMBER OF THE ARCTIC GAS PIPELINE CONSORTIUM, ON THE NORTHERN GAS TRANSMISSION QUESTION.

2. MR. ORLOFSKY EXPLAINED THAT COLUMBIA GAS, ACTING AS A MEMBER OF THE CONSORTIUM, HAS MADE AN EFFORT TO STIMULATE SOME MOVEMENT TOWARD A DECISION ON A GAS TRANSMISSION SYSTEM. THE TWO EXECUTIVES EXPRESSED CONVERN OVER THE LACK OF MOMENTUM ON THIS ISSUE IN BOTH GOVERNMENTS AND ASKED IF THERE WAS ANYTHING THE EMBASSY OR U.S. GOVERNMENT COULD DO TO SPEED A DECISION BY THE CANADIAN GOVERNMENT.

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PAGE 02 OTTAWA 03949 301728Z

3. THE AMBASSADOR ACKNOWLEDGED THAT THE NATIONAL

ENERGY BOARD (NEB) AND THE BERGER COMMISSION, THE CANADIAN GOVERNMENT AGENCIES PRESENTLY DEALING WITH THE QUESTION, ARE INDEED MOVING VERY SLOWLY, BUT POINTED OUT TO CLARKE AND ORLOFSKY THAT ANY ATTEMPT BY THE CANADIAN GOVERNMENT TO BYPASS THE NORMAL REGULATORY PROCESSES OF THE NEB IN THIS CASE WOULD BE A VERY DANGEROUS POLITICAL MOVE FOR THE GOVERNMENT. CONTINUING, THE AMBASSADOR EXPLAINED THAT A DECISION TO HAVE A JOINT CANADIAN-UNITED STATES PROJECT WOULD ESSENTIALLY BE A CANADIAN ONE. THE ONLY WAY WE CAN SPEED-UP CANADIAN TIMING OF A DECISION, THE AMBASSADOR SAID, IS TO HAVE OUR OWN TIMETABLE, WHICH WE NOW HAVE IN S.3521 AND OTHER VERSIONS OF A GAS PIPELINE BILL PRESENTLY BEFORE CONGRESS, CONTAINING A NON-CANADIAN ROUTE OPTION. ONLY THE PRESSURE OF OUR TIMETABLE WHICH INCLUDES AN INDEPENDENT U.S. PROJECT OPTION WILL MAINTAIN NEEDED PRESSURE ON THE CANADIAN GOVERNMENT. LACK OF A FIRM, LEGISLATED U.S. TIMETABLE, THE AMBASSADOR SAID, WOULD SERIOUSLY DELAY DECISION IN BOTH GOVERNMENTS. CLARKE AND ORLOFSKY BELIEVE THAT THE EVIDENCE THUS FAR PRESENTED TO THE FPC IS SO FAVORABLE TO THE ARCTIC GAS PROJECT THAT IT IS THE LIKELY CANDIDATE FOR FPC APPROVAL, BUT IN THE ABSENCE OF LEGISLATION TO CUT OFF LITIGATION WHICH WILL INEVITABLY RESULT FROM AN FPC CHOICE, THE PROJECT WOULD BE SUBJECT TO POSSIBLE TEN-YEAR DELAY.

4. ASSESSING APPARENT CANADIAN GOVERNMENT PREFERENCES, THE AMBASSADOR SAID THAT THE ALCAN ROUTE, WITH A SPUR TO THE MACKENZIE DELTA SEEMS TO BE ATTRACTING FAVORABLE ATTENTION AT THE MOMENT, BUT THAT THIS IS NOT A CLEARLY ARTICULATED PREFERENCE.

5. MR. CLARKE ASKED WHAT ROLE THE DEPARTMENT OF STATE WOULD PLAY IN DETERMINING THE FINAL DECISION. THE AMBASSADOR REPLIED THAT THE DEPARTMENT DOES NOT FAVOR ANY GIVEN ROUTE, STRESSING THAT THE DEPARTMENT'S AND THE EMBASSY'S ROLE IS TO WORK WITH THE CANADIAN GOVERNMENT AND CONCERNED U.S. AGENCIES TO KEEP THE POSSIBILITY OF A JOINT OPTION OPEN AS LONG AS POSSIBLE LIMITED OFFICIAL USE

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PAGE 03 OTTAWA 03949 301728Z

OR UNTIL A DECISION IS REACHED.

6. MEETING ENDED WITH DISCUSSION OF ARCTIC GAS OFFER TO MAKE A SETTLEMENT OF NATIVE CLAIMS ALONG PIPELINE ROUTE. AMBASSADOR, CLARKE AND ORLOFSKY CONCLUDED THAT ALTHOUGH THIS IS A NECESSARY AND HELPFUL GESTURE IT WOULD NOT BY ITSELF RESOLVE THE DIFFICULT CLAIMS ISSUE.

ENDERS

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Message Attributes

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Margaret P. Grafeld
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